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Montana. Legislative Assembly.

Report of Tax Investigation Committee of the Senate...

Helena, Mont.

[1917]

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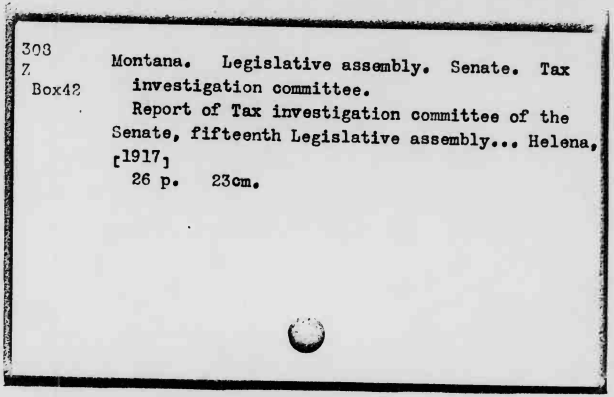

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REPORT OF

TAX INVESTIGATION COMMITTEE

OF THE

SENATE

FIFTEENTH LEGISLATIVE ASSEMBLY

MEMBERS

Thos. Kane T. S. Hogan Reuben Dwight

STATE PUBLISHING CO., HELENA, MONT.

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REPORT OF

TAX INVESTIGATION COMMITTEE

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FIFTEENTH LEGISLATIVE ASSEMBLY

Mr. President: We, your special committee on Investigation of Taxation and Assessment beg leave to report as follows:

Pursuant to the authority vested in us by this body we employed the necessary assistance and undertook to determine as nearly as possible, in view of the limited time at our disposal, the relative assessments of Mining Industries, Railroads, Express Companies, Telegraph Companies, Telephone Companies, Banks, Hydro Electric Companies, Pullman Car Companies and Private Car Companies; and also caused to be made a careful estimate of the amount of money required to conduct the business of the State for the next two years.

The attached statement marked Exhibit "A" gives a complete and careful estimate of the expenses for the next two years of all the departments of the State government. This estimate shows that without any additional expenditures or adding in any way to the scope and usefulness of our State Institutions, unless some provision is made for adding to the revenue of the State through some system of taxation, our deficiency at the end of the next period will be approximately One Million Dollars.

The attention of your committee has been called to the pressing needs of some of the State Institutions, for instance: The Tuberculosis Sanitarium, the Industrial School, the Orphans Home; and also to the fact that the estimate of the Chancellor for the State Educational Institutions, which estimate he asserts was made on a basis of the strictest economy compatible with efficiency, was reduced by the State Board of Education about One Hundred Thousand Dollars.

The condition of the Tuberculosis Sanitarium is such that every impulse of humanity and a proper regard for the self-respect of a prosperous people demands a radical change at the present time. By reason of insufficient financial support applicants for admission are required to accept numbers and many such applicants have died of the dread disease while awaiting their time for admission to the Institution.

In our judgment this Legislature should make some provision to remedy this condition.

Equally imperative is the need, in connection with our Industrial School, of a separate home for delinquent girls. At the present time this State has no institution for their care. At a time when an appeal for aid for the orphans of other lands is so persistently presented to us it should not be necessary to do more than call attention to the fact that the State's facilities for caring for the parentless children of this State is wholly inadequate. If reasonable provision is made for these pressing needs of the State, and some thought is given to the natural growth and development which the next two years is likely to witness it will probably require about One Million Five Hundred Thousand Dollars in excess of our present revenue.

Our investigation of taxation and assessment while directed particularly to the industries named in the resolution providing for the appointment of the committee necessarily included comparison of all the different classes of property included within the State.

Exhibit "B" attached hereto is a statement showing the amount of assessment and taxation paid by each of the industries under investigation, this statement is marked Exhibit "B" and made a part of this report; also attached to this report and marked Exhibit "C" and made a part hereof, is a statement showing the total assessment and taxation paid by the principal industries of the State, also the gross earnings and net proceeds of each of these industries, as nearly as could be determined by this committee; these statements will show that the total assessment of the Mining Industries of the State of Montana is ..... $ 42,918,260.00

Total Assessment of Railroad Companies	87,818,028.00
Total Assessment of Express Companies	157,784.00
Total Assessment of Telegraph Companies	570,113.00
Total Assessment of Telephone Companies	1,364,319.00
Total Assessment of Banks	11,412,391.00
Total Assessment of Hydro Electric Power Companies	10,140,412.00
Total Assessment of Pullman Car Companies	
Total Assessment of Private Car Companies	
Total Assessment of Farming Industry	156,818,411.00
Total Assessment of Live Stock Industry	52,384,484.00

Your attention is called to the fact that while coal mining has been considered an important industry that our State returns show that the assessment of this class of property is almost negligible.

Your committee wishes to call your attention to the fact that neither the Pullman Car Company nor any of the Private Car Companies operating refrigerating cars, oil tanks and other cars of this character pay any taxes in this State; that the amount paid by the Express Companies is insignificant in comparison to the volume of business done by them in the State due to the fact that no provision has been made by law for the levy of a tax or license on this business. We find that the Telephone Companies are not paying what would seem to be their proportionate share of taxation, but we also find that owing to the excessive cost of eliminating competition the present companies are not as yet operating at any considerable profit within this State.

While not expressly within the scope of our investigation, we call your attention to the fact that wholesale dealers in farm Tractors and Farm Implements generally have an immense amount of property within this State on which little or no taxes is paid; this cannot be reached through the present system of assessment as the bulk of property is shipped into the State after the first of March.

Your committee is of the opinion that in seeking the means of raising the necessary additional revenue three primary facts should be taken into consideration, first:

The earning capacity of the property or industry, second:

The relation which the property or industry bears to the people of the State, third:

Existing inequalities and injustice in the assessment and taxation should be corrected so far as it is possible under the existing constitutional law.

It is therefore, necessary for us to compare the assessment and taxation of the different classes of property and the number of people who are dependent upon the respective industry. Some of the figures submitted are based upon reliable statistics, others must be based on estimates, but these estimates will be found to be approximately correct.

In making our computations we have taken the Calendar year 1916, which will account for some of the apparent discrepancies between our figures and those on file with the State

Board of Equalization, as many companies use the fiscal year ending June 1, 1916, instead of the Calendar year. We have based our computation on the estimated population for the State of 700,000.

The gross proceeds of the Mines for the year 1916 was $141,500,000.00

The gross proceeds of the Farming Industry for the year 1916 was 81,154,190.00

The gross proceeds of the Livestock Industry was 54,187,960.00

The gross proceeds of the Railroad Industry was 60,199,998.75

The proportion of the total taxes paid is as follows:

Mining Industry	8.79%
Farming Industry	32.14%
Livestock Industry	10.73%
Railroad Industry	17.99%
Banking Industry	2.33%
Telephone Companies	0.279%
Telegraph Companies	0.117%
Express Companies	0.032%
Hydro Electric Power Companies	2.078%

According to the report of the State Industrial Accident Board there were employed in the Quartz Mining business during last year Twenty-three Thousand men. Using the basis of five persons to each man employed the estimated population dependent on Mining Industries is One Hundred and Fifteen Thousand. The number of Railroad employees is approximately 21,000, which on the same basis represents a population of 105,000. The estimated population of the State dependent directly upon the Farming business is Four Hundred Thousand. A comparison of these figures will show that the average gross production for each person dependent upon the Mining Industry is approximately $1,300.00, while the average gross production for each person dependent upon the Farming Industry is approximately $200.00. The average gross production for each person dependent upon the Railroad Industry is approximately $575.00.

In making these estimates we have treated each industry as an entirety. We find that there is great inequality in the assessment in the several Counties of the same class of property, such as: Land, Livestock, Banks, etc., which are assessed on a much higher percentage in some Counties than in others. That is a matter, however, which is now subject to correction by the State Board of Equalization under the recently enacted Constitutional Amendment. On the other hand, where an

entire industry or class of property escapes its fair burden of taxation the matter becomes a proper subject for legislative action. The comparison of the foregoing figures has led your committee to believe that the large Mining Companies, the Hydro Electric Companies, the Express Companies, and the Pullman Car Companies are not paying their proportionate share of the State's taxes. We are also of the opinion that all these companies are abundantly able to respond to the needs of this State in the matter of revenue without injury to their business or in any manner jeopardizing the general welfare of the people of the State.

With regard to the assessments on Banks we find the average for the State to be 49.68 of their total capital stock, surplus and undivided profits, but this committee ascertained that the assessments in the various Counties ranged from 35% to 75%.

We believe that the Railroad Companies of the State are paying their proportionate share of taxes, but would suggest that if the State Board of Equalization increases the valuation of other property, a proportionate increase should be made in the assessed valuation of the Railroads.

Many other inequalities in assessment and taxation, can and should be corrected. A great quantity of wealth within the State escapes all burden of taxation, such as: Wholesale Implement Houses, to which reference has heretofore been made; Moving Picture Films, and Private fortunes not represented by tangible real or personal property. A proper performance of duty by the assessors of this State will no doubt increase the total assessed valuation of this State for the coming year by One Hundred Fifty Million Dollars or more.

Under our Constitutional provision, which automatically reduces the levy for State purposes to two mills, when the valuation reaches Six Hundred Million Dollars, this increase in assessment will not yield any additional revenue to the State. We think cognizance should be taken of the fact that the products of the State are selling at the highest prices ever commanded in the State's history, and that we are enjoying a degree of prosperity heretofore unknown. This being true, it would not be an exercise of good business judgment to postpone into a doubtful future the meeting of any of the State's just obligations.

After a comparison of the foregoing figures your committee has reached the conclusion that suitable legislation should be enacted to reach those business enterprises which are shown herein to pay little or no taxes, also that some method should

be employed to equalize the great disproportion herein shown between the value and income of the Mining Industry and the Hydro Electric Companies and the value and income of the other principal industries of the State.

We are further of the opinion that these inequalities should be corrected before the adoption of any income or license tax, therefore any plan which contemplates the raising of required revenue should first provide for the levy and collection of such tax or license as may be necessary to equalize the several industries; that if after such equalization has been provided for there still remains a deficiency that deficiency should be met by a graduated licensed tax on corporations.

Respectfully submitted,

THOS. KANE,
T. S. HOGAN,
REUBEN DWIGHT.

EXHIBIT "A"

DETAILED ESTIMATE OF EXPENDITURES.

Executive Department, 1917-1918.

	Estimate "A"	Estimate "B" (Auditor)
Office of Governor—		
Salary of Governor	$ 15,000.00	$ 15,000.00
Private Secretary	4,800.00	4,800.00
Stenographer	3,000.00	3,000.00
Office and Traveling Expenses	3,000.00	3,000.00
Governor's Conference	500.00	500.00
Office of Attorney General—		
Salary of Attorney General	9,000.00	9,000.00
First Assistant	6,000.00	6,000.00
Second Assistant	6,000.00	6,000.00
Third Assistant	6,000.00	6,000.00
Law Clerk	4,200.00	4,200.00
Stenographer	2,400.00	2,400.00
Office and Traveling Expenses	3,000.00	3,000.00
Office of Secretary of State—		
Salary of Secretary of State	6,000.00	6,000.00
Deputy	4,200.00	4,200.00
Chief Clerk	3,600.00	3,600.00
Extra Clerical Hire	1,000.00	1,000.00
Office and Traveling Expenses	3,000.00	3,000,00

	Estimate "A"	Estimate "B" (Auditor)
Department Weights and Measures	8,000.00	8,000.00
Postage on Session Laws and Reports	300.00	300.00
Office of State Auditor—		
Salary of State Auditor	6,000.00	6,000.00
Deputy	4,200.00	4,200.00
Deputy Com's of Insurance	4,200.00	4,200.00
Chief Clerk	3,600.00	3,600.00
Warrant Clerk	3,000.00	3,000.00
Two Stenographers @ $1200.00 each	4,800.00	4,800.00
Office and Traveling Expenses	5,000.00	5,000.00
Employment of Actuary Insurance Department	3,700.00	3,700.00
Office of State Treasurer—		
Salary of State Treasurer	6,000.00	6,000.00
Deputy	4,200.00	4,200.00
Clerk	3,600.00	3,600.00
Stenographer	2,400.00	2,400.00
Office and Traveling Expenses	2,000.00	2,000.00
Official Bond of State Treasurer	4,000.00	4,000.00
Office of Supt. of Public Instruction—		
Salary Supt. of Public Instruction	6,000.00	6,000.00
Deputy	4,200.00	4,200.00
Assistant	4,200.00	4,200.00
Rural School Inspector	4,200.00	4,200.00
Additional Inspector	4,200.00	4,200.00
Clerk	2,400.00	2,400.00
Stenographer	2,400.00	2,400.00
Office and Traveling Expenses	10,000.00	10,000.00
Printing	10,000.00	10,000.00
Text Book Commission	1,000.00	1,000.00
Teachers' Retirement Fund Board	3,000.00	3,000.00
Office of Railroad Commissioners—		
Salary of Commissioners	24,000.00	24,000.00
Secretary	6,000.00	6,000.00
Rate Clerk	5,000.00	5,000.00
Two Safety Appliance Inspectors	7,200.00	7,200.00
Stenographer	2,400.00	2,400.00
Boat Inspector	2,400.00	2,400.00

	Estimate "A"	Estimate "B" (Auditor)
One-half Reporter's Salary	2,400.00	2,400.00
One-half Expense Printing and Mailing Report	800.00	800.00
Office and Traveling Expense, Including Extra Help	11,400.00	11,400.00
Office of Public Service Commission—		
Salary of Auditor	4,800.00	4,800.00
Engineer	4,800.00	4,800.00
One-half Reporter's Salary	2,400.00	2,400.00
Stenographer	2,400.00	2,400.00
One-half Expense Printing and Mailing Report	800.00	800.00
Office and Traveling Expense, Including Extra Help	10,000.00	10,000.00
Office of Chancellor—		
Salary of Chancellor	16,000.00	16,000.00
Secretary	3,000.00	3,000.00
Stenographer	2,400.00	2,400.00
Office and Traveling Expenses	5,000.00	5,000.00
Office of State Examiner—		
Salary of State Examiner	6,000.00	6,000.00
First Assistant	4,800.00	4,800.00
Second Assistant	4,200.00	4,200.00
Six Deputies at $3,600.00	21,600.00	21,600.00
Two Clerks at $2,400.00	4,800.00	4,800.00
Office and Traveling Expenses	48,000.00	48,000.00
Office of State Veterinary Surgeon—		
Salary of Veterinary Surgeon	6,000.00	6,000.00
Deputy	3,000.00	3,000.00
Clerk	2,400.00	2,400.00
Office and Traveling Expenses Veterinary Surgeon	6,000.00	6,000.00
Traveling Expenses Deputy	5,000.00	5,000.00
Bureau of Agriculture and Publicity—		
Salary of Commissioner	5,000.00	5,000.00
Chief Clerk	4,200.00	4,200.00
Stenographer	2,400.00	2,400.00
For Publicity Purposes	20,000.00	20,000.00
Bureau of Child and Animal Protection—		
Salary of Secretary	5,000.00	5,000.00
Special Deputy	3,600.00	3,600.00
Butte Deputy	3,600.00	3,600.00
Havre Deputy	3,600.00	3,600.00

	Estimate "A"	Estimate "B" (Auditor)
Kalispell Deputy	3,600.00	3,600.00
Missoula Deputy	3,600.00	3,600.00
Billings Deputy	3,600.00	3,600.00
Great Falls Deputy	3,600.00	3,600.00
Stenographer	1,800.00	1,800.00
Office and Traveling Expenses	14,400.00	14,400.00
Bureau of Labor and Industry—		
Salary of Commissioner	5,000.00	5,000.00
Chief Clerk	4,200.00	4,200.00
Stenographer	2,400.00	2,400.00
Office and Traveling Expenses	4,000.00	4,000.00
Board of Entomology—		
Expenses	10,000.00	10,000.00
Office of State Board of Health—		
Salary of Secretary	6,000.00	6,000.00
Clerk	2,400.00	2,400.00
Two Stenographers at $2,400.00	4,800.00	4,800.00
Expenses	8,000.00	8,000.00
Bacteriological Laboratory	10,000.00	10,000.00
Expense Enforcing Pure Food Law	12,000.00	12,000.00
Water and Food Laboratory	10,000.00	10,000.00
State Board of Education—		
Traveling Expenses, Members	3,400.00	3,400.00
State Board of Horticulture—		
Salary State Horticulturist	5,000.00	5,000.00
Secretary	2,000.00	2,000.00
Office, Inspection and Traveling Expenses	23,000.00	23,000.00
State Board of Sheep Commissioners—		
Salary of Secretary		2,000.00
Office and Inspection Expense		8,000.00
Maintenance of Board (Same as last two years)	20,000.00	.....
State Board of Stock Commissioners—		
Salary of Secretary		6,000.00
Chief Clerk		4,200.00
Stenographer		2,400.00
Stenographer		1,560.00
Salaries and Expenses, Inspectors and Detectives		15,840.00
Maintenance of Board (Same as last two years)	50,000.00	

	Estimate "A"	Estimate "B" (Auditor)
Office of State Historical Library—		
Salary of Librarian	4,200.00	4,200.00
First Assistant	2,400.00	2,400.00
Second Assistant	2,400.00	2,400.00
Expense, Including Purchase of Books, etc.	6,000.00	6,000.00
Office of State Law Library—		
Salary of Librarian	5,000.00	5,000.00
For Purchase of Books	6,000.00	6,000.00
Library Expense and Indexing Session Laws	900.00	900.00
Library Expense and Insurance	900.00	900.00
Clerical Work	2,400.00	2,400.00
Office of State Fair—		
Salary of Secretary	6,000.00	6,000.00
Office of State Boiler Inspector—		
Salary of State Boiler Inspector	5,000.00	5,000.00
Salary Three Assistants	12,600.00	12,600.00
Clerk	3,000.00	3,000.00
Traveling and Office Expense	14,000.00	14,000.00
Office of State Dairy Commission—		
Salary of Commissioner	4,800.00	4,800.00
Two Deputies	4,800.00	4,800.00
Stenographer	2,400.00	2,400.00
Expense of Commissioner	1,600.00	1,600.00
Expense of Two Deputies	5,000.00	5,000.00
Office Expense	600.00	600.00
Office of State Engineer—		
Salary State Engineer	6,000.00	6,000.00
Field and Office Expense	2,000.00	2,000.00
Stream Measurement and Hydrographic Work	26,000.00	26,000.00
Office of Coal Mine Inspector—		
Salary State Coal Mine Inspector	5,000.00	5,000.00
Office and Traveling Expenses	4,000.00	4,000.00
Office State Mine Inspector—		
Salary State Mine Inspector	5,000.00	5,000.00
Salary Assistant	4,800.00	4,800.00
Office and Traveling Expenses	4,200.00	4,200.00

	Estimate "A"	Estimate "B" (Auditor)
Office State Parole Commissioner—		
Salary Commissioner	4,000.00	4,000.00
Traveling Expenses	4,000.00	4,000.00
Stenographer	1,200.00	1,200.00
Office State Board of Examiners—		
Salary Clerk of Board	4,200.00	4,200.00
State Accountant	4,200.00	4,200.00
Traveling Expenses	2,000.00	2,000.00
Contingent Expenses	10,000.00	10,000.00
Traveling Expense, State Accountant	2,000.00	2,000.00
Office of Industrial Accident Board—		
Salary of Chairman	8,000.00	8,000.00
Secretary	4,200.00	4,200.00
Accountant	4,200.00	4,200.00
Statistician	3,000.00	3,000.00
Filing Clerk	3,000.00	3,000.00
Three Stenographers at $2400.00	7,200.00	7,200.00
Office and Traveling Expenses	20,400.00	20,400.00
Office of Adjutant General—		
Salary of Adjutant General	4,800.00	4,800.00
Stenographer	600.00	600.00
Office and Traveling Expenses	2,000.00	2,000.00
Office of Consolidated Boards—		
Salary of Clerk	4,200.00	4,200.00
Extra Clerical Hire	400.00	400.00
Office Expenses	600.00	600.00
Traveling Expenses, Members	1,000.00	1,000.00
For Adding Machine	350.00	
Grain Inspection Department—		
Salary Chief Inspector	6,000.00	
Office and Traveling Expense	5,000.00	
Office of Board of Charities and Reform—		
Expenses	1,000.00	1,000.00
Office State Board Examiners, Mine Positions—		
Expenses	1,000.00	1,000.00
Office of State Entomologist—		
Expenses	5,400.00	5,400.00
Office State Board of Poultry Husbandry—		
Expenses	1,000.00	1,000.00
Office Custodian War Documents and Relics—		
Salary of Custodian	1,800.00	1,800.00
Expenses	600.00	600.00

Office Livestock Sanitary Board—		
Salary Clerk	2,400.00	2,400.00
Office and Traveling Expenses, Including Tuberculin Testing..	52,600.00	52,600.00
Total Executive Departments, Estimate "A"	1,003,850.00	962,500.00
Total Executive Departments, Estimate "B"	962,500.00	
Increase Over Auditor's Estimate	41,350.00	

The increase in estimate for Executive Expenses is due to the amount estimated for the Board of Stock Commissioners and the Board of Sheep Comissioners (same as past two years); also $350.00 added to estimate of Office of Consolidated Boards, and $11,000.00 for Grain Inspection Department.

Judicial Department.

Office of the Supreme Court—		
Salaries of Three Supreme Justices	36,000.00	36,000.00
Compensation for Reporting Decisions	9,000.00	9,000.00
Salary Clerk Supreme Court	5,000.00	5,000.00
Stenographer	4,800.00	4,800.00
Marshal	3,000.00	3,000.00
Attendant	2,400.00	2,400.00
Printing Montana Reports	3,600.00	3,600.00
Expense of Court not otherwise provided for	2,000.00	2,000.00
Office and Other Expenses, Clerk	1,500.00	1,500.00
Filing Case	850.00	850.00
County Attorneys—		
Salaries	76,000.00	76,000.00
District Judges—		
Salaries	200,000.00	200,000.00
Expenses	20,000.00	15,000.00
Total Judicial Department, Estimate "A"	364,150.00	359,150.00
Total Judicial Department, Estimate "B"	359,150.00	
Increase Over Auditor's Estimate	5,000.00	

The increased estimate of $5,000.00 is due to the deficiency in expense of District Judges, the estimated deficiency during the past two years being $3,500.00.

Maintenance Expenditures—		
Agricultural College	314,000.00	300,000.00
Capitol Building	80,000.00	60,000.00
Deaf and Blind School	185,000.00	240,827.50
Experiment Station	136,000.00	130,000.00
Fair	40,000.00	40,000.00
Fair Betterment and Improvements	15,000.00	15,000.00
Farmers' Extension Work	52,000.00	31,000.00
Farmers' Institute	20,000.00	24,000.00
Fergus County Sub. Station	12,000.00	10,000.00
Governor's Residence	10,000.00	10,000.00
Grain Laboratory	12,500.00	8,000.00
Horticultural Sub. Station	6,000.00	5,000.00
Huntley Sub. Station	4,000.00	2,000.00
Industrial School	153,500.00	153,500.00
Insane Asylum	570,000.00	570,000.00
National Guards	30,000.00	25,000.00
Normal College	202,500.00	150,000.00
Northern Montana Agricultural Manual Training School	18,000.00	10,000.00
Orphans' Home	173,000.00	173,000.00
Inebriates	20,000.00	.....
Prison	410,000.00	410,000.00
School of Mines	77,000.00	30,000.00
Soldiers' Home	70,500.00	70,500.00
Tuberculosis Sanitarium	120,000.00	120,000.00
University	540,000.00	450,000.00
Total Maintenance, Estimate "A"	3,271,000.00	3,037,827.50
Total Maintenance, Estimate "B"	3,037,827.50	
Increase Over Auditor's Estimate	233,172.50	

The increase in estimate "A" of $20,000.00 for the two years ($10,000.00 per year) for the Maintenance of the Capitol Building, is due to the fact that the appropriation for the past two years has been insufficient to pay the salaries of all the janitors, a number of them having been paid out of special funds.

The increase of $2,500.00 per year for the maintenance of the National Guards over the State Auditor's estimate, is due to the fact that the amount estimated in estimate "A" is the same as the amount appropriated during the past two years, that amount being considered necessary for the ensuing two years.

No estimate for Inebriates was made by the State Auditor; $20,000.00 was the amount appropriated during the past two years, and the same amount is considered necessary for the ensuing two years.

The amounts in Estimate "A" for the Agricultural College, Deaf and Blind School, Experiment Station, Farmers' Extension Work, Farmers' Institute, Fergus County Sub. Station, Grain Laboratory, Horticultural Sub. Station, Huntley Sub. Station, Normal College, Northern Montana Agricultural Manual Training School, School of Mines, and University, are the amounts recommended by the State Board of Education.

Miscellaneous Expenditures.

Acting Governor	2,000.00	1,500.00
Firemen's Disability	32,000.00	32,000.00
Interest on Bounty Claims	10,000.00	6,000.00
Public Printing	80,000.00	65,000.00
Requisitions	10,000.00	6,500.00
Rewards	2,000.00	2,000.00
Transportation of Prisoners	30,000.00	21,000.00
Total Miscellaneous, Estimate "A"	166,000.00	134,000.00
Total Miscellaneous, Estimate "B"	134,000.00	
Increase Over Auditor's Estimate	32,000.00	

Increase of $500.00 for Acting Governor, due to increase in Governor's salary.

For the past two years, $7,500.00 per year was appropriated to pay the interest on Bounty Claims. It is estimated that $5,000.00 per year for the ensuing two years will be required.

In view of the amounts appropriated during the past two years for Public Printing, Requisitions, and Transportation of Prisoners, and the estimated deficiencies for those accounts, the amounts named in Estimate "A" are considered necessary for the ensuing two years.

Legislative Expenditures—		
Mileage and Per Diem, Members	90,000.00	90,000.00
Per Diem, Officers and Attaches	55,000.00	55,000.00
Incidental Expenses	15,000.00	15,000.00
Total	160,000.00	160,000.00
Deficiencies—		
Salary of Governor		41.67
State Board of Health, Expense	1,000.00	500.00
Salaries of County Attorneys	3,802.50	3,802.50
Expenses of District Judges	3,500.00	1,000.00
Firemen's Disability	7,554.71	7,554.71
Public Printing	10,000.00	10,041.67
Requisitions	3,000.00	1,500.00
Transportation of Prisoners	5,000.00	3,000.00
Bozeman Paving, Agricultural College	4,815.48	
Manhattan Malting Co., Claim	145.50	
Boiler Inspector	110.00	
Presidential Electors	299.20	
County Attorney Wiggenhorn	41.85	
Coal Mine Expense	151.50	
Pomeroy Estate Judgment	18,686.63	
State Prison	30,000.00	
State Insane Asylum	20,000.00	
Total, Estimate "A"	108,107.37	27,440.55
Total, Estimate "B"	27,440.55	
Increase Over Auditor's Estimate	80,666.82	

Unredeemed General Fund Warrants (Estimated) on Hand February 28, 1917 ..... $326,423.61

With reference to the statement that the amount represented by the registered unredeemed General Fund warrants has been accumulating for twenty years—the records in the office of the State Treasurer show that there is not a registered General Fund warrant on hand that is ninety days old. All General Fund warrants that were presented for payment prior to November 1, 1916, have been redeemed.

At the close of the Appropriation Year, February 28, 1913, there were no unredeemed General Fund warrants on hand, and there was a cash balance in the General Fund of that date of $146,802.12.

No General Fund warrants were registered after that date until March 18, 1913, the cash balance in the General Fund being sufficient to pay all warrants on the General Fund that were presented for payment up until March 18, 1913, whether said warrants were issued during the month of March, or during the prior appropriation year.

The unredeemed registered General Fund warrants that will be on hand March 1, 1917, will be paid out of the estimated revenue for the ensuing two years, and are certainly entitled to a position in the red ink column.

All outstanding registered General Fund warrants were redeemed November 30, 1914, and the amount of cash in the General Fund at that time was suficient to pay all warrants, without registration, up until January 25, 1915.

Income Estimate.

Estimate "A"

	1917	1918
Taxes, 2½ mill levy	1,249,480.00	1,343,191.00
Licenses	297,500.00	215,000.00
State Examiner's Fees	11,500.00	11,500.00
Interest on State Deposits	20,000.00	20,000.00
Insurance Fees	190,000.00	190,000.00
Miscellaneous	295,000.00	295,000.00
Total	2,063,480.00	2,074,691.00

Estimate "A"—

The increase in the amount of taxes received during the past three years was 7.5%, which increase was applied in arriving at the amount of taxes that will be paid in 1917 and 1918.

The State Examiner's fees collected during the past year was less than $11,500.00, and as the collections included a number of delinquent fees, there is no reason to believe that the fees will be more than $11,500.00 during each of the ensuing two years. In anticipation of the permanent school funds being loaned on farm mortgages, the interest on which will be credited to the school income funds, $20,000.00 per year is considered a liberal estimate of the amount of interest that will be received from the State Depositaries.

Estimate "B" (Auditor)

	1917	1918
Taxes, 2½ mill levy	1,300,000.00	1,412,500.00
Licenses	297,500.00	215,000.00

State Examiner's Fees	12,500.00	12,500.00
Interest on State Deposits	40,000.00	40,000.00
Insurance Fees	190,000.00	190,000.00
Miscellaneous	295,000.00	295,000.00
	*165,000.00	*175,000.00
Total	2,300,000.00	2,340,000.00

*Interest and income on investments in bonds.

Estimate "B"

The items of $165,000.00 for 1917 and $175,000.00 for 1918, a total of $340,000.00, have no place in any estimate of General Fund income. Interest and income from investments in bonds belong in the Interest and Income Funds, and form no part of the General Fund.

The foregoing Estimate "A" was prepared by Leonard Moritz, Clerk State Board of Examiners, Charles Scharf, State Accountant, Thos. J. Hefling, Former Deputy State Treasurer.

EXHIBIT "B"

Total Valuation of State $487,898,353.00

	Assessed valuation	Percent of total state valuation	Gross proceeds	Net proceeds
R. R. Industry (two counties missing)	$ 83,939,723.00	15.29%	$ 60,199,998.75	$ 28,270,875.74
Other R. R. Property	13,229,672.00	2.71%	None	None
Mining Industry, Incl. Net Proceeds	41,856,095.00	8.57%	146,500,000.00	28,605,355.00
All Mining Property	42,918,260.00	8.79%		
Live Stock and Wool	52,384,484.00	10.73%	54,187,960.00	
Banks	11,412,391.00	2.33%		
Telephones	1,364,319.00	.279%		
Telegraphs	570,113.00	.117%		
Farm Lands and Improvements	156,818,411.00	32.14%	81,154,190.00	
Express Companies	157,784.00	.032%		174,853.18
Power Companies	10,140,412.00	2.078%		

	Taxes paid
R. R. Industry (two counties missing)	2,335,047.31
Other R. R. Property	288,019.36
Mining Industry, including net proceeds	1,292,296.92
All Mining Property	1,325,792.78
Live Stock and Wool	
Banks	
Telephones	
Telegraphs	50,471.20
Farm Lands and Improvements	14,722.20
Express Companies	
Power Companies	5,446.42
	287,523.71

EXHIBIT "C"

RAILROADS IN STATE OF MONTANA.

	G. N. Ry.	N. P. Ry.	C. M. & St. P.
Operating Revenues	$19,118,249.18	$22,040,324.31	$13,010,672.63
Operating Expenses	10,839,636.10	10,605,640.70	7,545,623.90
Net operating Revenues	8,278,613.08	11,434,683.61	5,465,048.73
	B.A.&P.Ry.	W.S.S.&Y.P.	Mont. W. Ry.
Operating Revenues	1,973,230.87	43,843.49	39,493.34
Operating Expenses	1,257,153.84	20,878.88	29,378.03
Net Operat. Revenues	716,077.03	22,964.61	10,115.31
	B. B. Ry.	M. W. & S.	B. & C. M.
Operating Revenues	81,987.20	230,868.53	14,531.53
Operating Expenses	43,334.02	112,869.17	14,565.15
Net Operating Revenues	38,653.18	117,999.36	(Red) 33.62
	G. Val. Ry.	M.St.P.&S.S.M.	O.S.L.
Operating Revenues	128,835.70	45,884.56	1,574,975.64
Operating Expenses	96,290.87	69,257.03	480,325.65
Net Operating Revenues	32,544.83	(Red) 23,372.47	1,136,649.99
	C. B. & Q.		
Operating Revenues	1,897,101.77		
Operating Expenses	856,169.67		
Net Operating Revenues	1,040,932.10		
Total Operating Revenues	60,199,998.75		
Total Operating Expenses	31,929,123.01		
Total Net Operating Revenues	28,270,875.74		

ENTIRE LINE.

	G. N. Ry.	N. P. Ry.	C. M. & St. P.
Operating Revenues	81,233,092.16	75,939,230.65	105,646,483.73
Operating Expenses	43,862,972.29	40,366,411.85	69,120,957.62
Net Operating Revenues	37,370,119.87	35,572,818.80	36,525,526.11

EXPRESS COMPANIES.

	Nor. Ex. Co.	West. Ex. Co.	Adams Ex. Co.
Operating Revenues	$1,444,491.89	$787,272.28	$22,097,286.17
Operating Expenses	1,081,060.39	672,470.04	19,918,779.38

Net Operating Revenues	363,431.50	114,802.24	2,178,506.79
Total Mileage	8,194.70	5,248.59	45,153.38
Mileage in Montana	1,507.18	57.17	298.90
Average Net Revenue Per Mile	44.35	21.87	48.24
Revenue for Montana	66,843.43	1,250.31	14,418.94
Total Tax Paid	62,930.02	13,930.36	243,832.05
Taxes Paid in Montana	4,056.58		23.68

	Am. Ex. Co.	Wells Fargo	Gt. Nor. Ex.
Operating Revenues	$31,981,146.77	$23,155,318.71	$1,381,376.14
Operating Expenses	28,150,236.25	19,847,687.53	1,080,023.02
Net Operating Revenues	3,830,910.52	3,307,631.18	301,353.12
Total Mileage	72,841.60	138,246.20	9,242.99
Mileage in Montana	168.80	1,151.50	1,715.32
Average Net Revenues Per Mile	52.59	23.92	32.60
Revenue for Montana	8,877.19	27,543.88	55,919.43
Total Tax Paid	540,085.16	413,720.38	45,980.56
Taxes Paid in Montana	67.28	692.43	606.45

Total Operating Revenues	80,846,891.96
Total Operating Expenses	70,750,256.61
Total Net Operating Revenues	10,096,635.35
Total Revenue for Montana	174,853.18
Total Taxes Paid in Montana	5,446.43

BANKS.

	National	State and Private	Total
Capital Stock	$5,625,000.00	$9,958,600.00	$15,583,600.00
Surplus	2,786,000.00	2,447,023.60	5,233,023.60
Undivided Profits	1,180,000.00	973,116.95	2,153,116.95
Total	9,591,000.00	13,378,740.55	22,969,740.55

Assessed valuation all bank stock	11,412,391.00
Percentage of bank stock assessed	49.68%

MINERAL PRODUCTION.

	Gold	Silver	Copper
Year 1915	$ 4,978,300.00	$ 7,195,600.00	$60,000,000.00
Year 1916	5,000,000.00	12,500,000.00	97,000,000.00

	Lead	Zinc	Coal
Year 1915	550,000.00	14,500,000.00	(*)
Year 1916	1,000,000.00	26,000,000.00	5,000,000.00
Total for 1915			87,223,900.00
Total for 1916			146,500,000.00

(*) 1915 production 2,789,755 tons.

AGRICULTURE.

	Wheat	Oats	Flax
Year 1915	$26,384,000.00	$ 9,984,000.00	$ 3,213,000.00
Year 1916	34,000,000.00	15,000,000.00	7,658,240.00
	Barley	Rye	Potatoes
Year 1915	1,306,000.00	* 150,000.00	3,022,000.00
Year 1916	1,995,000.00	153,750.00	5,850,000.00
	Hay	Apples	Corn
Year 1915	13,500,000.00	* 750,000.00	* 200,000.00
Year 1916	15,422,000.00	844,800.00	230,400.00

*Rye, Hay, Apples and Corn for 1915 estimated.

Total for 1915	58,509,000.00
Total for 1916	81,154,190.00

LIVESTOCK.

	Cattle	Horses
Year 1915	$38,759,000.00	$33,626,000.00
Year 1916	45,058,000.00	36,980,000.00
	Mules	Swine
Year 1915	392,000.00	2,981,000.00
Year 1916	392,000.00	2,682,000.00
Total 1915		75,758,000.00
Total 1916		85,112,000.00

SHEEP AND WOOL.

	No. of Sheep	Lbs. Wool	Val. of Sheep
Year 1915	3,725,000	29,800,000	$18,625,000.00
Year 1916	3,500,000	28,000,000	17,500,000.00
		Val. of Lambs	Val. of Wool
Year 1915		15,000,000.00	8,940,000.00
Year 1916		15,000,000.00	9,240,000.00
Total 1915			42,565,000.00
Total 1916			41,740,000.00

POWER.

	Plant and Equipment	Operating Revenue	Operating Expenses
Mont. Power Co. (General) Butte	$46,472,766.32	$2,468,433.01	$1,132,488.25
Gt. Falls Power Co. (M. P. Co.)	19,618,247.64	2,291,478.49	402,094.61
T. Falls Power Co. (M. P. Co.)	7,816,955.81	206,810.09	51,925.35
Total Montana Power Co.	73,907,969.77	4,966,721.59	1,586,508.21

	Net Operating Revenue	Non-Operating Revenue	Taxes
Mont. Power Co. (General) Butte	1,135,944.76	1,149,178.97	126,646.81
Gt. Falls Power Co. (M. P. Co.)	1,889,383.88	11,189.22	90,909.07
T. Falls Power Co. (M. P. Co.)	154,884.74	4.80	16,857.28
Total Montana Power Co.	3,380,213.38	1,510,372,99	234,413.16

	Return on Investment
Mont. Power Co. (General) Butte	.061
Gt. Falls Power Co. (M. P. Co.)	.097
T. Falls Power Co. (M. P. Co.)	.020

	Plant and Equipment	Operating Revenue	Operating Expenses
Missoula Power Co.	1,229,940.69	56,750.98	22,945.60
Missoula Light & Water Co.	790,478.13	195,236.40	126,675.42
Total Clark Co.	2,020,418.82	251,987.38	149,621.02

	Net Operating Revenue	Non-Operating Revenue	Taxes
Missoula Power Co.	33,805.38	952.00	4,441.63
Missoula Light & Water Co.	68,560.98	3,268.52	8,248.93
Total Clark Co.	102,366.36	4,220.52	12,690.56

	Return on Investment
Missoula Power Co.	.028
Missoula Light & Water Co.—	
Missoula Investment	.109
Bitter Root Investment	.045

	Plant and Equipment	Operating Revenue	Operating Expenses
Helena Light & Ry. Co.	2,778,194.97	177,646.55	91,259.76

	Net Operating Revenue	Non-Operating Revenue	Taxes
Helena Light & Ry. Co.	86,386.79	2,758.06	15,500.00

	Return on Investment
Helena Light & Ry. Co.	.037
Grand Total Plant and Equipment	$78,706,583.56
Grand Total Operating Revenue	5,396,355.52
Grand Total Operating Expenses	1,827,388.99
Grand Total Net Operating Revenue	3,568,966.53
Grand Total Non-Operating Revenue	1,517,351.57

MONTANA POWER COMPANY

	Taxes
Heating Plant at Butte	$1,873.88
Heating Plant at Havre	472.68
Gt. Falls St. Ry.	4,425.07

TELEPHONE PLANT AT HAVRE*

Plant and Equipment	$36,576.92
Operating Revenue	13,359.41
Operating Expenses	8,877.42
Net Operating Revenue	4,481.99

*No statement of taxes.

	Plant and Equipment	Revenue Operating	Revenue Non-Operating
Butte Electric Ry. Co.	$2,514,664.40	$550,037.29	None

	Operating Expenses	Taxes	Return on Investment
	502,639.82	21,936.06	.0188

HELENA LT. & RY. CO.

	Operating Revenue	Operating Expenses	Taxes	Non-Operating Revenue
St. Car Lines	85,874.70	82,984.27	9,000.00	
Gas Company	55,566.77	47,817.93	4,200.00	2,787.28

PRODUCTION 1916.

Mineral	$146,500,000.00
Agricultural	81,154,190.00
Live Stock	29,947,960.00
Wool, including lambs	24,240,000.00

MSH 20885

END OF
TITLE